

Draft

December 19, 1997

**INSTRUCTIONAL WORKBOOK
FOR PREPARING THE
“REPORT ON RECEIVABLES
DUE FROM THE PUBLIC”**

**A Supplement to Volume I of the Asset Management Manual,
"Managing Federal Receivables"**

**Department of the Treasury
Financial Management Service
Debt Management Services
December 1997**

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INTRODUCTION

Purpose

The purpose of this document is to present the form and instructions for the Report on Receivables Due from the Public (Receivables Report), as revised in December 1997. This report is the Department of the Treasury's only comprehensive means for periodically collecting data on the status and condition of the Federal Government's debt portfolio, in accordance with the requirements of the Debt Collection Improvement Act of 1996 (DCIA). The information contained in the report is disseminated to the Congress, the Office of Management and Budget, agency Chief Financial Officers, the Federal Credit Policy Working Group, other officials and representatives of Federal and state organizations, private sector organizations, and the public.

Instructions contained in this workbook will also appear in Chapter 2-4100 of the Treasury Financial Manual (TFM) and in the revised "Managing Federal Receivables."

Background

Treasury has been collecting data on the status of the Government's debt portfolio since the early 1980's. This revision of the Receivables Report is the fourth since that time, with the most recent previous revision implemented in the second quarter of Fiscal Year 1994.

This revision was necessitated by the passage of the DCIA, which expanded the Treasury's responsibilities in the area of debt management and placed new requirements on the agencies for collecting their delinquent debt portfolios. Under the DCIA, agencies are required to (1) notify Treasury of delinquent debts over 180 days old so that Treasury may offset payments to recover these amounts and (2) transfer delinquent debts over 180 days old for delinquent debt collection by Treasury. This has made it more

critical that Treasury and the agencies be able to identify what steps they are taking to collect their delinquent debt portfolios. In the DCIA, Treasury is also charged with consolidating reporting requirements; consequently, Treasury, with the agencies, determined that the existing receivables report would be the best vehicle to meet the new reporting needs.

In addition to being revised to capture data relevant to the provisions in the DCIA, the receivables report also incorporates (1) recommendations for changes in reporting made by the U.S. General Accounting Office; (2) results of a survey of current reporting entities on usefulness of the existing data; and (3) comments and suggestions from an interagency task group assembled for the purpose of revising the report.

Authority

FMS' authority to require information such as that found on the Receivables Report is found in the Debt Collection Improvement Act of 1996 (DCIA), Federal Civil Penalties Inflation Adjustment Act of 1990, and United States Code Title I, Money and Finance, Chapter 35, "Accounting and Collections," Section 3515.

Key Changes to the Report

While the title of the report has not changed, its direction has changed. It is no longer attempting to be an accounting report; that need is addressed through agencies' annual financial statements. In fact, Treasury is making a conscious effort to make it more of a management report which informs Federal decision makers the **book value** (i.e., the value of debt as it is currently recorded on the agencies' books) of the debts held by the Federal Government and the actions being taking to enforce collection. This amount is not the same as the amount reported on financial statements which, in accordance with Generally Accepted Accounting Principles, must clearly reflect potentially collectible amounts, with adjustments

made for interest accruals, debts owed between Government agencies, and allowances for uncollectible debt.

In addition, there is a serious timing difference between the submission of fiscal year end data for the receivables report and that used for the financial statements; the fiscal year end receivables report is due in November; agencies' financial statements are not due until February/March of the next year. This adds new complexity to the reconciliation issue.

Treasury fully expects that agencies will reconcile their receivables report data with the receivables data reported on the financial statements.

Additional specific revisions to the existing report include:

1. the combining of this report with the Civil Monetary Penalties report, thus eliminating the need for the "Annual Civil Monetary Penalty Report",
2. restructuring the Delinquent Receivables and Debt Collection Management Tools Sections to capture more information on the actions agencies are taking to enforce collection by debt age;
3. eliminating the Litigation Activity Section; and
4. adding Sections on Debt Disposition and Cost Associated with Collection Techniques and Tools.

The Structure of the Report and Reporting Requirements

General

The receivables report consists of three parts: (I) Status of Receivables, (II) Debt Management Tool and Technique Performance Data, and (III) Footnotes. The form asks for data in three columns:

1. the number of receivables. The number should represent the actual number of debts or claims. Examples: (1) if a debtor has several separate claims, each claim should be counted individually; or (2) if a claim has numerous bills/invoices or is being paid in installments, each invoice or installment payment should not be counted individually; the underlying claim is counted once.
2. the dollar amount of principal owed on those receivables; and
3. the dollar amount of interest and late charges associated with the receivables.

Dollar amounts are reported in whole dollars. Amounts of 49 cents or less should be rounded down to the nearest dollar and amounts of 50 to 99 cents should be rounded up to the next dollar (I TFM 2-4140.)

Agency programs are required to submit separate reports for direct loans, defaulted guaranteed loans, and administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans).

Reporting Frequency

The dollar threshold for submitting reports quarterly has been *lowered to \$50 million (from \$100 million) in total receivables, inclusive of principal, interest, and late charges*. This change substantially increases the absolute dollar amount reported, while not dramatically increasing the percentage of total debt reported each quarter.

All entities are required to report at the end of the fiscal year.

Reports are due to the Department of the Treasury's Financial Management Service (FMS) by the end of the 30th day of the month following the close of each of the first three quarters (for example, 2nd quarter FY 1998 reports will be due by April 30, 1998); 4th quarter reports are due by November 15th.

Reporting Mechanism

All reports will be submitted to FMS via the Internet, rather than the existing GOALS system. FMS will publish additional specific guidelines on how the data will be reported via the Internet.

Any agency that fails to report will be footnoted as non-reporting in all reports distributed and published for that quarter. Agency Management will be held responsible for non-reporting entities.

Certification

All 4th quarter (year-end) reports must be **certified** as being accurate by the submitting agency's chief financial officer. Certification currently means that the data is accurate. With the implementation of the new report, ***certification of the Receivables Report means that the report has been reconciled to the agency's Statement of Financial Position.*** Only one certification per agency is to be submitted. **The certification will be transmitted over the Internet; it is to be submitted separately from the Receivables Report itself.** Certification letters are due to FMS by March 31.

Inquiries

Inquiries pertaining to the form or instructions should be addressed to the following:

Debt Management Services
Financial Management Service
Department of the Treasury
401 14th Street, SW Room 326
Washington, DC 20227

Telephone Number: (202) 874-8527 or (205) 912-6403

CERTIFICATION INSTRUCTIONS

- Only one certification per agency is to be submitted.
- The certification is to be submitted by the Chief Financial Officer or equivalent.
- The certification letter should state that the information presented in the “Report on Receivables Due from the Public” was reviewed and is in agreement with the Statement of Financial Position (Balance Sheet). If the report is not in agreement with the Balance Sheet the certification letter should state that in his/her opinion certain parts of the report are accurate and consistent with the agency’s accounting system. If only certain parts of the report can be certified, attach a list identifying the reporting entities and the parts of the form that are not certified with an explanation as to why certification is not possible.

The Report on Receivables and the Balance Sheet (Footnote 7 columns 2 and 3) should agree for the Current Beginning Balance, Net New Receivables, and Ending Balance lines. It is understood there will be differences between the two reports because the Report on Receivables includes interest accrued on debt over 180 days and the Balance Sheet may exclude the interest. Additionally, amounts shown on the Receivables Report represent the book value of receivables as opposed to present value.

Include in the report all receivables for programs that are owned or administered by the agency. Receivables are reported with the program that first generated the receivables unless there was a transfer by book entry to another entity.

- **The certification will be transmitted over the Internet.**
- **Certification letters are due to FMS by March 31st of each year for the preceding Fiscal Year.**
- Questions concerning the certification letter should be directed to:

Financial Management Service
Regional Financial Center
Customer Assistance Staff
Birmingham, Alabama
Telephone (205) 912-6403

FORM IDENTIFICATION & PREPARER INFORMATION

The following pages gives instructions on how to identify the form, the reporting entity, the type of receivable, and the preparer. Other general guidelines for completion of the Receivables Report are also included.

FORM IDENTIFICATION & PREPARER INFORMATION

Report on Receivables Due From the Public

Fiscal Year: _____

Quarter: _____

Reporting Entity Code: _____

Type of Receivable: Direct Loans: _____

Defaulted Guaranteed Loans: _____

Administrative: _____

Agency Contact Information

Preparer's Name: _____ Telephone Number: _____

Preparer's Facsimile No.: _____ E-Mail Address: _____

Supervisor's Name: _____ Telephone Number: _____

Address: _____
City: _____ State: _____ Zip Code: _____

INSTRUCTIONS

FORM IDENTIFICATION

To identify the form:

- (1) Know the Fiscal Year and Quarter for which you are preparing the report.
- (2) Know the nine-digit Reporting Entity Code. This code identifies the entity for which the report is being prepared. It is unique for each reporting entity. The first two digits identify the agency; the next two digits identify the bureau; the remaining digits identify the entity. You will also need to preface the Reporting Entity Code by an alphabetic character to identify the type of receivable (please see below).
- (3) The Type of Receivable identifier tells whether the Receivables Report is being prepared for direct loans, defaulted guaranteed loans, or administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans.) A **separate** report is required for each. For example, the entity "10- 09-90000" may consist of both direct loans and administrative receivables; the reporting codes would be "D10-09-90000" and "A10-09-90000" respectively (D = Direct Loan; F = Defaulted Guaranteed Loan; A = Administrative).

PREPARER INFORMATION

Enter the preparer's name, telephone number, facsimile number, and E-mail address, the supervisor's name and telephone number, and the preparer's address.
